

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Administrative Office	(2) MEETING DATE 12/3/2013	(3) CONTACT/PHONE Leslie Brown 805-781-5011	
(4) SUBJECT Submittal of the Fiscal Year 2013-14 First Quarter Financial Report. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board of Supervisors: 1) receive, review, and file the Fiscal Year 2013-14 First Quarter Financial Report; 2) approve a budget adjustment in the amount of \$21,000 from General Fund contingencies to Fund Center (FC) 111 – County Counsel's operating budget to pay for outside legal counsel to represent the County in various litigation matters; 3) approve a budget adjustment in the amount of \$1,700 from the Public Education and Government (PEG) trust fund to FC 275 – Organizational Development to cover the cost of equipment for enhancement of the countywide Government Channel 21; 4) approve a budget adjustment to increase revenue and appropriations for FC 290 – Community Development, in the amount of \$109,131, to reflect actual allocations from the U.S. Housing and Urban Development Department; 5) accept cash donations in the amount of \$7,698.60 from the Animal Services Gift Trust Fund (FC 137); 6) accept cash donations and approve a budget adjustment in the amount of \$41,064.46 from the Library Gift Trust Fund to FC 377 – Library's operating budget; 7) accept cash donations and approve a budget adjustment in the amount of \$702 from the Social Services Gift Trust Fund to the FC 180 – Department of Social Services administrative operating budget to meet special needs for children and adults; 8) approve a budget adjustment in the amount of \$30,000 to move funds from the Library's trust fund to the Atascadero Library Expansion Project budget (FC 230 – Capital Projects) on behalf of the Friends of the Atascadero Library; 9) approve a request for relief from accountability from the Department of Public Works in the amount of \$6,517.96 for non-collectible Engineering Checking and Inspection Agreement charges; 10) approve a request for relief from accountability from the Department of Social Services in the amount of \$27,899.81 for the General Assistance Program; and 11) approve a request from the General Services Agency - Fleet Services to declare 56 vehicles as surplus and authorize removal of these vehicles from the fleet and subsequent sale to recover salvage value in accordance with County Code section 2.36.030(5). Recommendations 3 through 10 require a 4/5 th vote.			
(6) FUNDING SOURCE(S) Various	(7) CURRENT YEAR FINANCIAL IMPACT \$204,650 in total \$49,465.06 in gift funds	(8) ANNUAL FINANCIAL IMPACT N/A	(9) BUDGETED? Partially
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____) <input type="checkbox"/> Board Business (Time Est. ____)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Numbers: 1314043, 1314013, 1314049, 1314044, 1314052 <input checked="" type="checkbox"/> 4/5 Vote Required <input type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: _____	
(17) ADMINISTRATIVE OFFICE REVIEW The Administrative Office created this item.			
(18) SUPERVISOR DISTRICT(S) All Districts -			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Administrative Office - Leslie Brown, Administrative Analyst
805-781-5011

DATE: 12/3/2013

SUBJECT: Submittal of the Fiscal Year 2013-14 First Quarter Financial Report. All Districts.

RECOMMENDATION

It is recommended that the Board:

1. Receive, review, and file the Fiscal Year 2013-14 First Quarter Financial Report;
2. Approve a budget adjustment in the amount of \$21,000 from General Fund contingencies to Fund Center (FC) 111 – County Counsel’s operating budget to pay for outside legal counsel to represent the County in various litigation matters;
3. Approve a budget adjustment in the amount of \$1,700 from the Public Education and Government (PEG) trust fund to FC 275 – Organizational Development to cover the cost of equipment for enhancement of the countywide Government Channel 21;
4. Approve a budget adjustment to increase revenue and appropriations for FC 290 – Community Development, in the amount of \$109,131, to reflect actual allocations from the U.S. Housing and Urban Development Department;
5. Accept cash donations in the amount of \$7,698.60 from the Animal Services Gift Trust Fund (FC 137);
6. Accept cash donations and approve a budget adjustment in the amount of \$41,064.46 from the Library Gift Trust Fund to FC 377 – Library’s operating budget;
7. Accept cash donations and approve a budget adjustment in the amount of \$702 from the Social Services Gift Trust Fund to the FC 180 – Department of Social Services administrative operating budget to meet special needs for children and adults;
8. Approve a budget adjustment in the amount of \$30,000 to move funds from the Library’s trust fund to the Atascadero Library Expansion Project budget (FC 230 – Capital Projects) on behalf of the Friends of the Atascadero Library;
9. Approve a request for relief from accountability from the Department of Public Works in the amount of \$6,517.96 for non-collectible Engineering Checking and Inspection Agreement charges;
10. Approve a request for relief from accountability from the Department of Social Services in the amount of \$27,899.81 for the General Assistance Program; and
11. Approve a request from the General Services Agency - Fleet Services to declare 56 vehicles as surplus and authorize removal of these vehicles from the fleet and subsequent sale to recover salvage value in accordance with County Code section 2.36.030(5);

Recommendations 3 through 10 require a 4/5th vote.

DISCUSSION

Overview

This report is intended to provide the Board of Supervisors and the public with an overview of the County's financial performance through the first quarter of Fiscal Year (FY) 2013-14. The financial report presented to the Board contains exception reporting (i.e. no mention is made if the financial status of the fund center is within expected parameters). This Financial Report contains an overview of the drivers behind any significant variance between budgeted and actual use of General Fund dollars in the first quarter time frame of July 1, 2013 through September 30, 2013.

The report (found in Attachment 1) is divided into five sections:

- **Section 1** - an overview of the County's financial position at the end of the first quarter of FY 2013-14, as well as brief summaries of any noteworthy departmental fiscal and operational issues;
- **Section 2** - an update on the Status of Funds, Contingencies and Reserves;
- **Section 3** - a listing of all personnel changes approved by the Board of Supervisors during the first quarter;
- **Section 4** - miscellaneous financial items for the Board's consideration, such as requests from departments for acceptance of gift funds and donations, discharge of bad debt, approval of various budget adjustments and surplus of aged Fleet vehicles; and
- **Section 5** - an update on the capital improvement and maintenance projects managed by the General Services Agency and Public Works Department (See Attachment 3).

Executive Summary

The overall spending levels and revenue receipts at the end of the first quarter for FY 2013-14 were generally consistent with prior years. General Fund expenditures were 20% of budget, while General Fund revenues were realized at 10% of budget. This level of realization of revenue is typical for the first quarter due to the time lag involved in billing cycles and the receipt of reimbursements. Some of the largest revenue sources, such as property taxes, are historically realized later in the fiscal year.

Items of note in the first quarter:

Given that only three months have elapsed in the fiscal year, it is typical that few significant variances have emerged. Almost all departments are reporting that their budgets are on track and expect to meet their budgeted level of General Fund support at the end of the year. The one exception at this point in the year is County Counsel as noted below.

County Counsel

County Counsel is requesting a budget adjustment in the amount of \$21,000 from General Fund contingencies in order to pay for outside counsel that has been hired to represent the County in various litigation matters. The hiring of outside counsel for these matters was previously approved by the Board in closed session. More information related to this budget adjustment request can be found in Section 4 - Miscellaneous Financial Information of the FY 2013-14 First Quarter Report.

The Affordable Care Act – Effects on Indigent Medical Care

As reported to your Board during the recent presentation of the financial forecast for FY 2014-15, there are still too many unknowns to predict how the expansion of Medi-Cal under the implementation of the Affordable Care Act will affect the County's spending on indigent medical care in this fiscal year. What we do know is, pursuant to AB 85, the State will take approximately \$1.3 million of the more than \$2.4 million in 1991 Realignment funding included in the FY 2013-14 County Medical Services Program budget. The \$1.3 million reflects what the State anticipates the County should save in indigent care expenditures (if not more) due to the expansion of the Medi-Cal population. With this expansion, the size of the remaining indigent population for which the County is required to provide health care services under the Welfare and Institutions Code Section 17000 should reduce

significantly. The Health Agency is currently developing an estimate of what the cost of providing access to medical care for this residual population might be, and what the potential expenditure savings could be once the Medi-Cal expansion goes into effect January 2014. The Health Agency will be presenting an overview of the implementation of the Affordable Care Act and its potential impacts on the indigent medical care budget to the Board in early January.

Each quarter your Board is provided an update on the status of the County Airport Services budget and enplanement levels at the San Luis Obispo Airport. This information is detailed in Section 1 of the attached report.

OTHER AGENCY INVOLVEMENT/IMPACT

All departments contributed to the development of this report. The Administrative Office, Human Resources, and the Auditor-Controller's Office compiled data from departments and other sources for the report. The General Services Agency and the Public Works Department prepared the attached updates on capital and maintenance projects.

FINANCIAL CONSIDERATIONS

Approval of the recommendations will allow for a total of \$49,465.06 in gift funds and donations to be accepted on behalf of the Library, Social Services, and Animal Services. The Board is asked to approve a transfer of gift funds received by the Library, and Social Services to their respective FY 2013-14 operating budgets. In addition, the Board is asked to approve various budget adjustments that will have no impact on the General Fund with the exception of the request from County Counsel to transfer \$21,000 from General Fund contingencies to pay for outside legal counsel.

RESULTS

This report provides the Board of Supervisors and the public with an overview of the County's financial position at the end of the first quarter for Fiscal Year 2013-14.

ATTACHMENTS

1. Sections 1-5 of the 2013-14 First Quarter Financial Report
2. Memos from Departments
3. Capital and Maintenance Project Reports from the General Services Agency and Public Works